



PERSONAL INCOME TAX AND MEDICAL EXPENSE REBATES

CLAIMING MEDICAL EXPENSES IN YOUR INCOME TAX RETURN

The Federal Government's Net Medical Expenses Tax Offset (NMETO) is being phased out. To be eligible to claim the offset in your 2016/2017 income tax return, you must have paid for medical expenses relating to disability aid, attendant care or aged care.

Please note that you may not be eligible to receive the medical expenses offset if other tax offsets have reduced your tax payable to zero.

This offset is income tested. If you are eligible to receive the offset, the percentage of net medical expenses you can claim is determined by your adjusted taxable income and family status.

ELIGIBLE EXPENSES FOR THE NMETO

Net expenses are your total eligible medical expenses less refunds from the National Disability Insurance Scheme (NDIS) and private health insurers which you, or someone else, received or are entitled to receive.

From 2015/2016 until 2018/2019 you will only be able to claim the offset for disability aids, attendant care or aged care expenses. Disability aids are items of property manufactured as, or generally recognised to be, an aid to the functional capacity of a person with a disability but, generally not include ordinary household or commercial appliances.

Attendant care expenses relate to services and care provided to a person with a disability to assist with everyday living, such as provision of nursing, home maintenance, and domestic services.

Aged care expenses relate to services and accommodation provided by an approved aged care provider to an individual who is a care recipient or continuing care recipient within the meaning of the *Aged Care Act 1997*.

EXAMPLE OF RESIDENTIAL AGED CARE COSTS

Aged care costs include:

- basic daily fees;
- income tested daily fees;
- extra service fees;
- accommodation charges;
- amounts deducted or retained from accommodation bonds where the bonds were paid as a lump sum;
- interest charged on an outstanding instalment of a lump sum accommodation bond;
- periodic payments of accommodation bonds; and
- daily accommodation payments.

Note that retirement home payments are not included in the offset. Only payments made to nursing hostels, or homes for an approved person's respite or permanent care can be claimed.

continued over

2017/07

07 **3360 9888**

17 Mt Gravatt-Capalaba Road, Upper Mt Gravatt Qld 4122

Learn more at www.peakpartnership.com.au



The Peak Partnership
CHARTERED ACCOUNTANTS

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NON-QUALIFYING MEDICAL EXPENSES

Expenses which do not qualify include:

- payments for an air floatation mattress;
- payments for a recline lift chair;
- amounts withheld by an insurer from a compensation payment for medical expenses previously paid by the insurer; and
- payments for a personal alarm monitoring service.

Procedures that are solely for cosmetic or beauty purposes which alter a person superficially are also ineligible for the rebate. However, some legitimate cosmetic procedures do qualify – eg. reconstructive surgery following an accident or operation.

CLAIMING THE NMETO FOR 2015/2016 ONWARDS

To claim, you will need to:

- keep all details of expenses you paid that relate to disability aids, attendant care or aged care;
- keep all details of refunds for these expenses which you or any other person has received, or are entitled to receive, from the National Disability Insurance Scheme (NDIS) or a private health insurer.

Below is a worksheet you can use as a guide to calculate your medical expenses rebate.

If you'd like to know more about your entitlement to claim medical expense rebates through your income tax return, please contact us at The Peak Partnership on 07 3360 9888 or send an email to email@peakpartnership.com.au.

NET MEDICAL EXPENSES TAX OFFSET WORKSHEET

Add up all your allowable medical expenses.	\$	(a)
Add up all refunds relating to these expenses which you or any other person has received or are entitled to receive.	\$	(b)
Subtract (b) from (a). This is your net medical expense amount.	\$	(c)
Subtract \$2,299 from (c).	\$	(d)
If (d) is less than \$0 you cannot claim a tax offset.		
Divide (d) by 5 to get 20%. The amount at (e) is your medical expenses tax offset	\$	(e)

IMPORTANT: The Federal Government has revised the eligibility for the NMETO by imposing an income test for taxpayers earning more than \$90,000 (singles) or \$180,000 (couples or families).

These taxpayers will only be able to claim a reimbursement of 10% for eligible out of pocket expenses incurred in excess of \$5,423 (indexed annually). However, the family threshold will increase by \$1,500 for each dependent child after the first.

Taxpayers with an adjusted taxable income below these thresholds will still be able to claim a reimbursement of 20% for net medical expenses over \$2,299. However, the family thresholds will increase by \$1,500 for each dependent child after the first.

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